United Nations A/52/757

General Assembly

Distr.: General
4 February 1998
English
Original: Spanish

Fifty-second session
Agenda item 45

The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

United Nations Verification Mission in Guatemala

Report of the Secretary-General

1. This is the second report submitted pursuant to General Assembly resolution 51/198 B of 27 March 1997, in which the Assembly decided to extend the mandate of the United Nations Verification Mission in Guatemala (MINUGUA) until 31 March 1998 in order to verify compliance with the agreements signed between the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca (URNG) and requested me to keep it fully informed of the implementation of the resolution. The General Assembly reiterated this request in its resolution 51/198 C of 31 July 1997. Subsequently, by its resolution 52/175 of 15 December 1997, the Assembly authorized the extension of the Mission's mandate until 31 December 1998.

I. Introduction

2. The implementation of the commitments entered into by the Government and URNG is governed by a timetable (A/51/796-S/1997/114, annex II) covering the period from 1997 to 2000 and divided into three phases. This report covers the monitoring of commitments under the first phase of the timetable, lasting from 15 January to 15 April 1997, and of commitments whose implementation was scheduled for the second phase, ending in December 1997. It also provides information on whether the measures taken by the Government are consistent with general commitments in the Agreements for which there is no timetable.

3. The Guatemalan Peace Agreements cover a particularly wide range of issues and their implementation involves a complex range of protagonists. In addition to the Government of Guatemala and URNG, the signatories to the Agreements, the following have an important role to play in ensuring the success of the process: State bodies, including Congress, the judiciary and the Public Prosecutor's Office, and sectors of organized civil society, such as business, labour and cooperative organizations, professional associations, indigenous, women's and human rights organizations, other non-governmental organizations and the mass media. The response of State bodies and civil society to the Agreements and its interaction with Government measures have had a decisive influence on the implementation process. This report describes the outcome of this interaction during the first year of peace.

98-00051 (E) 180298 190298

4. The Commission to Follow up the Implementation of the Peace Agreements, which is made up of two representatives of the Government, two representatives of URNG, one representative of Congress, four representative citizens and the Chief of MINUGUA, continued its monitoring and support functions. During the period under consideration, it used its good offices to facilitate the functioning of the commissions set up under the Agreements and examined and issued opinions on the bills which the Government must present to Congress pursuant to the Agreements. Aware of the need to encourage the widest possible participation of society in the peace process, the Commission held monthly meetings with governmental authorities and non-governmental leaders in the country's interior (Alta Verapáz, Chimaltenango, Huehuetenango, Queztaltenango, El Quiché and San Marcos). These meetings and the forums set up to monitor the Agreements confirm the interest in the implementation of the Agreements that exists in the various departments and the role that the peace process can play in generating a culture of civic participation.

II. Verification of compliance with the commitments made in the Agreement on the Implementation, Compliance and Verification Timetable for the Peace Agreements

A. Comprehensive Agreement on Human Rights

5. The Comprehensive Agreement (A/48/928-S/1994/448, annex I) contains a number of general, ongoing commitments whose implementation is the subject of special semi-annual MINUGUA reports. The Mission's seventh such report, covering the period from January to June 1997, was issued in September 1997 (A/52/330). The eighth report, covering the period from July to December 1997, will be issued in early 1998. The Comprehensive Agreement also contains two commitments which are subject to the implementation timetable. The first is the commitment to put into effect a programme of compensation for and/or assistance to victims of human rights violations which, together with the work of the Clarification Commission, will help to heal the wounds of the armed conflict and bring about national reconciliation. The Peace Secretariat (SEPAZ) approached relevant organizations for their views on the design of a programme presented during the first phase of the timetable. So far, the dialogue with non-governmental organizations has made little headway. Only two organizations provided SEPAZ with an analysis of the proposals for its compensation programme: the National Human Rights Coordinating Committee of Guatemala (CONADEHGUA) and the Consultative Assembly of Uprooted Population Groups (ACPD). The Government also sought the views of concerned individuals and organizations in regions affected by the armed conflict. The Mission values the Government's efforts to consult the individuals and organizations concerned, although the programme has yet to be launched, and since this commitment will have to be rescheduled, suggests that this be done on the basis of the results of the consultations carried out thus far and keeping in mind that the Clarification Commission needs to submit its recommendations on compensation during the first half of 1998.

6. The second commitment governed by the implementation timetable is to improve the technical and material conditions of the Office of the Counsel for Human Rights, the institution constitutionally entrusted with ensuring the protection of human rights. In its seventh report on human rights, the Mission noted that the proposal submitted by the Ministry of Finance for the Office's 1997 budget was not enough to enable the Counsel to carry out his mandate efficiently. The budget approved for 1998 represents an increase of approximately 10 per cent in real terms over that for 1997. However, doubts remain as to whether this allocation is enough, given that 80 per cent of budgetary resources are used to pay salaries and the remaining 20 per cent to pay overheads. Almost all the investments made by the Office in recent years have been covered by international donations; this limits their sustainability and means that existing departmental offices are unlikely to begin functioning properly and that no new offices will be set up in 1998. Nevertheless, the Government and the Office could begin a bilateral dialogue with a view to identifying areas where the Office might be supported by the various State institutions. Since the Mission's objectives include the strengthening of human rights institutions, it too has begun talks with the Counsel for Human Rights to identify areas where it might increase its cooperation with the Office over the next three years.

B. Agreement on Resettlement of the Population Groups Uprooted by the Armed Conflict

7. In connection with this Agreement (A/48/954-S/1994/751, annex I), some 3,500 people returned to Guatemala in 1997, fewer than in previous years, which indicates that the return process, particularly the organized returns begun in 1992, is nearing completion. According to a survey conducted by the Mexican Commission for Refugee Assistance (COMAR), with support from the Office of the United Nations High Commissioner for Refugees (UNHCR), some 6,000 Guatemalan refugees in Mexico want to return to Guatemala and might do so in 1998. On 17 September 1997, as part of the commitment to speed up the return process, Government and refugee representatives signed an agreement to complete the registration of applicants for organized return by 29 December 1997. The completion of the return process, more than 15 years after the most acute phase of the conflict which forced tens of thousands of Guatemalans to flee their communities, is a milestone. At the same time, it shifts the emphasis to the longer-term task of ensuring the productive integration of the returnee population and internally displaced persons. In this regard, the resettlement strategy set out in the Agreements emphasizes the need to implement, in resettlement areas, sustainable development projects that will benefit all the communities living there. The implementation of that strategy is inseparable from a comprehensive rural development strategy and, in particular from the implementation of the provisions concerning the Land Trust Fund and the Rural Development Bank.

8. With regard to specific measures to assist the resettlement of internally displaced persons, on 9 December 1997 an agreement was reached between the Government and internally displaced persons organized into the Comunidad de Población en Resistencia (CPR) de la Sierra, under which the community will move to land whose purchase is currently being negotiated. Similar negotiations are under way for the Petén and Ixcán CPRs. With regard to internally displaced persons who are scattered rather than organized into communities, talks have resumed on a framework agreement between displaced persons' representatives and the Land Trust Fund, which will purchase land for their resettlement.

9. Although the general framework and the funds available for the purchase of land for resettlement are adequate, there are still difficulties in purchasing land. The absence of a reliable land registry, the market's lack of transparency (which means that prices fluctuate considerably once negotiations for the purchase of rural land begin) and, in some cases, a lack of flexibility in intersectoral negotiations are all factors which must be overcome in order to comply with the commitments made. It is suggested that the commitment to conduct further studies on the availability of land, to supplement the study submitted by the Government to the Technical Commission for the Implementation of the Resettlement Agreement (CTEAR), be rescheduled or amended.

10. With regard to the commitments on personal documentation for the uprooted population, a new Act on the Personal Documentation of the Population Uprooted by the Internal Armed Conflict entered into force on 16 October 1997. Positive aspects of this Act include facilities for the replacement of local identity cards, reversal of the burden of proof, the use of ordinary books for registration records, and simplification of the procedures which applicants must follow. However, the implementation of this Act needs to be regulated and information needs to be obtained that will make it possible to prioritize the documentation process in areas where records have been destroyed. The Technical Commission, assisted by UNHCR, is implementing a documentation programme in 21 municipalities in return areas.

11. With regard to recognition of the educational qualifications of the uprooted population and educational outreach workers, CTEAR conducted the necessary studies, on the basis of the plan put forward by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in September 1997, and submitted them to the Ministry of Education. The process of evaluating and certifying the qualifications of educational outreach workers will begin as soon as representatives of the uprooted population transmit the list of potential beneficiaries. For the recognition of the qualifications of health outreach workers, CTEAR is still awaiting a reply from the Ministry of Public Health and Social Assistance to its request to undertake an exercise similar to the one for educational workers. It is suggested that the Follow-up Commission reschedule this part of the commitment.

12. The productive integration of the uprooted population is closely linked to the implementation of a comprehensive rural development strategy. However, pursuant to the Agreement, specific measures to alleviate the situation of uprooted population groups, particularly the most vulnerable groups, can and must be taken. In fact, the Government and international cooperation agencies are already carrying out a number of projects. The results achieved by CTEAR in this area have, up to now, been limited: only one project – a

health project in Sayaxché, Petén – is being implemented. However, in recent months CTEAR has paid more attention to the issue of comprehensive development and has approved a number of projects in this regard. It should try to complete as soon as possible its work of identifying all those areas of the country where development activities might benefit the uprooted population, as well as other communities living in poverty. This would allow the State to undertake comprehensive, longer-term action.

C. Agreement on the Establishment of a Commission to Clarify Past Human Rights Violations and Acts of Violence that have Caused the Guatemalan Population to Suffer

13. The Clarification Commission (see A/48/954-S/1994/751, annex II) was set up on 31 July 1997. It is being financed by contributions from the Government of Guatemala and the Governments of Canada, Denmark, the Netherlands, Norway, Sweden and the United States of America totalling nearly US$ 4 million, representing 51 per cent of the financial needs estimated by the Commission's members and communicated by the Secretary-General to the General Assembly.

14. On 1 September 1997, the Commission launched its phase of maximum deployment to gather testimony throughout the country by setting up four regional offices in Guatemala City and the cities of Cobán, Huehuetenango and Santa Cruz del Quiché and 10 local offices in San Marcos, Barillas, Cantabal, Escuintla, Flores, Nebaj, Zacapa, Quetzaltenango, Poptún and Sololá, backed by mobile teams. The Commission also publicized its activities widely in the press, and a number of non-governmental organizations used their regional and local networks to supplement this publicity. So far, the Commission has received over 5,000 pieces of testimony, and considerable backing from the general public.

15. In fulfilling its mandate, the Commission has addressed various requests to the Government and URNG. URNG has gradually cooperated in the investigations. Commission members have indicated that, while the armed forces have provided information and made military documents available, replies have been slow and incomplete, access has been restricted and the documents provided are not key elements of military operations. This situation is cause for concern. Impartial clarification of what happened during the armed conflict is an important part of the peace process and an inalienable right of society as a whole, and victims in particular, to have the truth acknowledged. All State institutions and sectors of society should contribute to it. It is in the armed forces' own interest to help shed light on the years of the "dirty war" and show just how it operated. In its final years, the negotiating process was a process of building confidence not only between armed forces combatants and URNG combatants but also, gradually, between the Guatemalan armed forces and society. The work of the Clarification Commission affords an opportunity to consolidate this new relationship between civil society and the armed forces. It is also important to recall that article 10 of the National Reconciliation Act (Decree No. 145-96) instructs the Clarification Commission to devise means whereby the historical truth about the period of internal armed conflict might be uncovered and acknowledged, in order to avoid a recurrence of such events, and adds that State bodies or entities must give the Commission whatever assistance it requires to that end. Since the Commission has very little time in which to carry out the mandate stipulated in the Act and thereby fulfil national and international expectations, the State must make a special effort to cooperate in ensuring the success of the Commission's efforts. The armed forces and government authorities must do their utmost to ensure that this process is completed successfully. The Follow-up Commission could help to achieve this.

D. Agreement on Identity and Rights of Indigenous Peoples

16. In its report on the first phase of the timetable, the Mission noted the efforts to involve indigenous organizations in implementing the Agreement (A/49/882-S/1995/256, annex) and stressed that the participation of its beneficiaries was one of the best guarantees of compliance with the Agreement. It also emphasized the Government's commitment to the historic effort to bring the State closer to the indigenous peoples. This comment also applies to the second phase of the timetable. Although in this second phase the Government's obligations under the Agreement are few by comparison with those under other Agreements, the implementation of this Indigenous Agreement can be seen to have had a very positive catalytic effect on indigenous participation and on Guatemalan society's willingness to reflect on its multicultural dimension. There is a steadily growing indigenous presence in areas and forums of national life. The participation of Maya delegates in the Presidential Office for Legal Assistance and Dispute Settlement in Land Matters, the Clarification Commission, the Follow-up

Commission, the Commission on the Strengthening of the Justice System and the Women's Forum is an illustration of this. The extent to which the Agreements are being embraced and utilized by indigenous organizations is also noteworthy, one example being the submission to Congress, backed by 5,000 signatures, of a proposal for amending the articles of the Constitution that deal specifically with indigenous peoples, an initiative in which the Congressional Committee on Legislative Issues and Constitutional Reforms, the Congressional Committee on Indigenous Communities and the multi-party legislative forum participated actively through consultations and forums.

17. During the period under review, State institutions showed a growing interest in meeting the real need for a multicultural, multilingual justice system. The Mission notes, by way of example, the recruitment of a number of bilingual officials to the Public Defender's Office, the Public Prosecutor's Office and the judiciary; the evaluation by the judiciary of existing research in the field of customary law; the project, supported by MINUGUA, for training court interpreters of indigenous languages in the Public Prosecutor's Office; the inclusion of courses on the multi-ethnic, multicultural and multilingual character of the Guatemalan nation in the curriculum of the Police Academy; and, lastly, the initiation by the Office of the Counsel for Human Rights, of a process of consultations with indigenous organizations aimed at strengthening the Office in this area. An important forum for dialogue between SEPAZ and the Coordinating Office of Organizations of the Maya People of Guatemala (COPMAGUA) was also set up to address substantive aspects of the peace process.

18. The commissions installed during the first phase continued to meet. Following broad consultations at the national level, the Joint Commission on Educational Reform defined the key elements for designing the reform. After some difficulties, which were overcome thanks to the willingness of the parties and the intervention of the Follow-up Commission, agreement was reached on the structure of the Advisory Commission on Educational Reform, which will include five members of the indigenous delegation of the Joint Commission on Educational Reform. The Commission for the Official Recognition of Indigenous Languages, which had experienced difficulties with regard to its composition, resumed its meetings following steps taken by the Follow-up Commission. It is currently evaluating proposals for the regional recognition of indigenous languages and the official recognition of a Maya national language. For its part, the Commission on Holy Places elaborated the categories for defining holy places and drafted a proposal on institutional methods of preserving and protecting such places, and is studying the existing Act for the Protection of the Nation's Cultural Heritage with a view to proposing amendments (see A/51/936, para. 20).

19. With regard to the commissions scheduled to be installed during the second phase, the Joint Commission on Land Rights was installed on 10 July 1997 by Governmental Agreement No. 267/97 and is analysing agrarian legislation. On 8 September 1997, Governmental Agreement No. 649/97 established the Joint Commission on Reform and Participation, which is discussing its rules of procedure. The content of the aforesaid governmental agreements was agreed on beforehand by SEPAZ and COPMAGUA.

20. With regard to the establishment of the Office for the Defence of Indigenous Women's Rights, on 9 December 1997 the COPMAGUA permanent national commission on indigenous women's rights submitted to SEPAZ, the Follow-up Commission, the Women's Forum and Congress a proposal for a preliminary bill which it had discussed and agreed on beforehand with the various linguistic communities.

21. The General Telecommunications Act, ratified on 18 January 1997 (Decree No. 94-96), provides that radio frequencies are to be made available through public auction, which would seem to rule out the possibility of reserving frequencies for specific activities, such as indigenous cultural projects, as laid down in the Agreement. Nevertheless, the Superintendent of Telecommunications has indicated his Office's willingness to comply with the Agreement and has proposed to discuss the necessary measures with SEPAZ. It is hoped that a solution will be found in early 1998.

22. The recognition of customary law, one of the most complex and important elements in the building of a multi-ethnic, multicultural and multilingual State, requires a search for consensus between the State and indigenous peoples. In that connection, the contribution made by the Commission on the Strengthening of the Justice System in recommending recognition of the principles, criteria and procedures developed by indigenous peoples for settling disputes, as well as the validity of their decisions, deserves mention. The recent amendments to the Code of Penal Procedure set up community courts of the peace with the power to apply the usages and customs of the various communities for the settlement of disputes. It is important that the implementation of these amendments should not weaken the traditional authorities responsible for applying indigenous norms, where such authorities exist. In this context, it is essential that communities be consulted in the process of selecting community justices of the peace and that the

powers of community authorities to indicate what community norms apply be recognized, in accordance with the Agreement. It is also important that current efforts to implement the entire section of the Agreement dealing with customary law should be intensified and better coordinated.

E. Agreement on Social and Economic Aspects and the Agrarian Situation

23. The Agreement on Social and Economic Aspects (A/50/956, annex) holds particular importance for the Peace Agreements as a whole. It links the issues of participation, social development, agrarian reform, rural development and fiscal reform to the consolidation of peace and represents an innovative input into the whole issue of conflict resolution. Its implementation faces two major challenges: securing the cooperation of the different social and economic sectors, and making tangible, rapid improvements that will generate popular support and, consequently, political sustainability for the peace process as a whole. The latter is a particularly complex challenge in a country with very low levels of infrastructure and social development whose recovery is necessarily a long-term process.

Macroeconomic situation

24. According to preliminary estimates, the economic and financial situation in Guatemala improved in 1997 by comparison with 1996: domestic production of goods and services rose, inflation fell to single-digit levels and there was relative financial and exchange-rate stability. These macroeconomic achievements were not viewed as such by broad segments of the population, whose perception was that the country's economic and social situation, as well as their own, had in fact deteriorated during 1997. This apparent contradiction between favourable macroeconomic trends and the population's predominantly negative perceptions has to do with (a) the precarious situation of thousands of families engaged in subsistence farming; (b) the high rates of open unemployment and, above all, under-employment; and (c) the erosion of the purchasing power of wages in 1997 as a result of overall price increases (although these were smaller than in previous years) and the lag in adjusting nominal wages to past inflation. The higher rate of economic growth was insufficient to generate any significant expansion of employment. Two additional factors which helped to reinforce the population's negative perceptions of the economic situation were the adoption of measures that will affect consumption in 1998, such as fuel price increases, and the fact that there was no widespread improvement in basic public services, despite the increase in public spending.

25. These developments in the economic sphere in 1997 confirm the urgent need to implement a strategy aimed specifically at improving the distribution of the benefits of growth while preserving macroeconomic stability, as a prerequisite for ensuring the sustainability of the peace process. The Peace Agreements recognize the complementary relationship between economic growth and social development. Accordingly, they affirm the need for economic policy to be geared towards preventing processes of socio-economic exclusion such as unemployment and impoverishment from becoming more acute and towards maximizing the benefits of economic growth for all Guatemalans.

Reform of the State

26. The second Phase of the timetable emphasizes the commitments relating to modernization and decentralization of the State, public administration reform and fiscal policy. Progress in these areas is essential to the implementation of most of the commitments made, especially the commitments to increase social spending, improve and expand economic and social infrastructure and strengthen public participation in the definition of public policy.

27. During 1997, there was progress in creating a new legal and institutional framework for the public sector: a new Budget Act was adopted which conforms to the general thrust of the Peace Agreements; the Purchasing and Procurement Act was amended; and a new Act governing the executive branch was adopted, following consultations with various sectors of society within the open forums. There were marked disagreements on the part of various political, social and trade union organizations regarding the spirit and the letter of the latter two Acts. This is cause for concern when one considers that the success of reforms of this kind depends largely on the existence of a broad agreement as to their form and content that will ensure their continuity over time. These laws are only the beginning of the process of modernization and decentralization of the State and public administration, and it is still possible, therefore, to reach a basic agreement on State reform among the main political and social forces.

28. With regard to the amendment of the Urban and Rural Development Council Act so that local development councils can be reestablished and the range of sectors participating in the departmental and regional councils can be broadened, the Follow-up Commission has agreed to the Government's request that this commitment be rescheduled. Such

rescheduling offers an opportunity to forge a broad consensus on this important component of State reform.

29. As to the commitment to provide adequate funding for the council system, the Mission welcomes the 22 per cent increase for 1998 in the budget of the Solidarity Fund for Community Development which is implementing the system. However, it views with concern the continuing low level of activity of the development councils, as reflected in the lack of integration of the National Council, the low level of participation of social sectors, the lack of activity of municipal technical units and the limited resources available to them for planning and studies, all of which limits their impact on the planning of development policies and on project formulation. The development council system, involving as it does the participation of representatives of the central Government, local authorities and organized civil society, is, from the standpoint of the Peace Agreements, an essential instrument for ensuring truly participatory development. It is important to invest the necessary resources, both for the technical units in charge of development projects and for the training of the system's users, particularly mayors and groups of civil society.

30. There were delays in establishing and implementing the national municipal training programme, which is essential for the implementation of decentralization policies and for social participation, because of coordination problems between the Institute for Municipal Development and the National Association of Municipalities and because of a lack of domestic funding. The dialogue between the institutions involved must be enhanced and the Government must emphasize the promotion of this programme. With regard to the content of the training, the Mission welcomes the inclusion of a social participation component, although it feels that it provides insufficient training in social auditing functions. It also recommends the establishment of mechanisms for the institutionalization of the programme and the incorporation of criteria of regional diversity.

31. With regard to the professionalization and upgrading of public servants, a proposal for a new civil service act was considered at the open forums but has yet to be submitted to the Follow-up Commission, which will have to reschedule this commitment.

Participation of women

32. The Women's Forum was established on 12 November, under the direction of the Coordinating Commission for the Women's Forum. With the fulfilment of this commitment, a national mechanism designed specifically for women and without precedent in Guatemala has been set in motion, in which all linguistic and multisectoral departmental communities are represented. The monitoring carried out by the Mission revealed that the forum has aroused considerable interest and also that this process needs to be consolidated by strengthening and expanding the opportunities created at the local and departmental levels.

Fiscal issues

33. With regard to fiscal policy, during 1997 the Government made efforts to implement the commitments to increase social spending and taxation. According to preliminary figures, the 1997 tax burden was around 9 per cent, higher than the target set in the Peace Agreements, which is 8.6 per cent. This was largely the result of the increased revenues yielded by the temporary special solidarity tax, which generated a taxation level of around 1 per cent of the gross domestic product (GDP). As for public spending, available figures indicate that there was an increase in actual outlays relative to 1996. Nevertheless, the problem of underspending on investment persisted: according to official figures, 65 per cent of the total budgeted for investment was actually spent. This was an improvement on 1996, but lower than the rate for 1995.

34. During 1997, the Government began to implement a fiscal reform aimed at increasing tax revenues and enhancing the efficiency of public spending. In the revenue area, the main objective was to increase tax collection by expanding the tax base, strengthening tax administration and revising the principal taxes, without increasing income tax rates and value-added tax.

35. The efforts made to expand the tax base and strengthen tax administration include amendments to the Income Tax Act and the Value-added Tax Act; the elimination of legal privileges (except those included in the constitution), exemptions, relief measures and deductions; and the submission to Congress of the Act establishing the Tax Administration Superintendency. In order to stiffen the penalties for tax evasion, avoidance and fraud, amendments have been made to the Tax Code, the Penal Code, the Code of Penal Procedure and the Customs Evasion and Contraband Act.

36. In the area of tax revision, the commercial and agricultural enterprise tax was introduced, taxes on fuel and non-domestic air travel were increased, and the Act on a Single Property Tax and the Act on the Alcoholic and Other Beverages Sales Tax were amended.

37. Although the taxation target for 1997 was met, it is a matter of concern that:

(a) The taxation target for 1998 is 9.7 per cent, in other words, lower than the 10 per cent provided for in the Peace Agreements, and, in general the measures adopted are insufficient to implement the commitment to ensure that, by the year 2000, the tax burden will be at least 50 per cent greater than the 7.6 per cent recorded in 1995, the base year stipulated in the Agreement. According to projections made by the Mission, international financial organizations and local institutions, unless additional measures are taken in 1998, tax collection could even start to decline in 1999, owing, in particular, to the fact that the commercial and agricultural enterprise tax will be deductible from income tax starting in mid-1999. If this happened, it would pose a serious threat to the financial sustainability of the implementation of the Peace Agreements and would conflict with the central objective of mobilizing more domestic resources for the country's modernization and development;

(b) Fulfilment of the spending commitments included in the Peace Agreements is overly dependent on the revenues anticipated from new fiscal measures, meaning that failure to meet taxation targets would jeopardize fulfilment of those commitments;

(c) The approved fiscal package does not promote restructuring of the tax burden in the direction envisaged in the Agreements, namely, towards a universally progressive tax system. In this regard, the Mission underscores the importance of the commitment in paragraph 172 of the timetable, which refers to the need to "design and present a methodology for evaluating whether the tax system is universally progressive, in line with the basic principles established in the Agreement on Social and Economic Aspects and the Agrarian situation". In the framework of the necessary search for additional measures that will make it possible to meet the taxation targets of the Agreements during the third phase of the timetable, that commitment offers an opportunity to make progress on the issue of tax equity in a context in which some 75 per cent of taxation is still indirect.

38. In the spending area, the Mission notes with appreciation the Government's efforts to redirect resources towards social investment, especially education and health, in that the overall allocation for social services represents around 50 per cent of the total budget for 1998. The Mission is concerned, however, that the overall level of the budget approved for 1998 is almost identical in real terms to the Government's amended budget estimate for 1997. It is critical for the implementation of public spending commitments that all necessary efforts be made to raise the level of budget execution, particularly in the social sectors where the amount of the budget actually spent, which served as the basis for the commitments made in the Agreements, is traditionally lower than the amount approved.

Rural development

39. The Agreement recognizes that peace is consolidated when development conditions exist which enable the rural population to improve their standard of living. For that reason, the commitments envisage the formulation and implementation of comprehensive rural development strategy. The creation of new institutions, the design of policies to support the agricultural sector and the implementation of those policies in a multi-ethnic, multicultural regional framework make for a complex process whose evolution can be viewed only from a global perspective, recognizing the difficulties of consultation and coordination that it involves. Peasant and indigenous organizations, landowners' associations, Government institutions and private enterprise, among others, will have to be viewed as partners in the transformation of the agricultural sector. Otherwise, it will be difficult to build a social consensus that will allow for concurrent progress in the various components of development. In this connection, the fact that the governing bodies of the new institutions responsible for implementing the rural development strategy include representatives of business and peasant organizations, as stipulated in the Agreement, represents major progress towards resolving agrarian conflicts.

40. Activities associated with the commitments in the area of agriculture and rural development in general are showing progress consistent with the goals laid down in the timetable. At the legal and institutional levels, the basic conditions are being created and budgetary allocations are within the ranges envisaged. The implementation of the Government agricultural sector investment programme has begun through the social funds and progress has been made in the reform of that sector. The rural development investment programme is being carried out with an emphasis on water and environmental sanitation, major and minor roads, electrification and production projects.

41. The Ministers of Finance and of Agriculture, Livestock and Food were authorized to set up the trust which provides funding for land and projects and which began its activities with financing from the United States Agency for International Development (USAID). The Government has allocated 60 million quetzales (US$ 9,900,990) to this trust for 1998. The bill setting up the Land Trust Fund has been submitted to the Follow-up Commission and will be presented to Congress in early 1998. Congress approved the law transforming the National Agricultural Development

Bank (BANDESA) into a mixed capital bank with beneficiary participation and changing its name to the Rural Development Bank (BANRURAL). The establishment of an agrarian and environmental jurisdiction within the judiciary is still at the consultation stage and it is suggested that this commitment be rescheduled by the Follow-up Commission.

42. The Presidential Office for Legal Assistance and Dispute Settlement in Land Matters (CONTIERRA) began its work in early June and so far has received requests to deal with 134 land disputes, about 80 per cent of which are at the investigation and initial evaluation stage. The analysis made by CONTIERRA afforded a better understanding of the diversity of situations, such as disputes concerning property rights, land claims, labour disputes, disputes concerning community or municipal boundaries, etc., and made it possible to design the corresponding methodologies. Without underestimating the difficulties, a more optimistic view of the prospects for settling disputes in the agricultural sector is emerging from this exercise. For the settlement of disputes concerning property rights, it is encouraging that a process of rapprochement and negotiation among landowners, peasant organizations and governmental authorities got under way in the final months of 1997. MINUGUA greatly appreciates the resolve shown by participants in this tripartite process and believes that its success will have positive repercussions for the peace process as a whole. At the same time, it is important that effective mechanisms be set in motion for settling labour disputes in rural areas and that intercommunity disputes concerning the delimitation of community or municipal land not be neglected, despite their complexity. The most violent dispute in 1997 in fact involved indigenous communities who clashed over municipal boundaries and, thus far, no prospect of a solution is in sight.

43. In 1998, CONTIERRA proposes to decentralize its work by setting up mobile teams and to strengthen its central team. At the same time, since other Government bodies such as the National Peace Fund (FONAPAZ) and the National Committee for Aid to Refugees, Returnees and Displaced Persons (CEAR) are involved with land disputes, care must be taken to avoid the juxtaposition of an assortment of institutional jurisdictions and solutions. Moreover, the Mission has noted that the procedures needed to define compensation formulas in the case of land disputes and claims have yet to be established, and it suggests that the Follow-up Commission reschedule this commitment.

44. With regard to the land registry and land surveying, the proposal for the necessary legislative changes is under consideration within the Government and should be submitted to the Follow-up Commission and Congress in early 1998. The Government has initiated coordination and negotiation with sources of bilateral and multilateral cooperation for the financing of the national land survey and for launching it in pilot areas during the first half of 1998. Congress approved the Act on a Single Property Tax, which lays down the procedures for collection of this tax by municipalities. With the support of the United Nations Development Programme (UNDP), various municipalities have formulated and implemented the administrative and accounting procedures for collecting this tax. However, the text promulgated by Congress is being questioned by the National Association of Municipalities, which feels that, although municipalities are directly concerned by this law, they were barely consulted on it.

Social development

45. During 1997, the Government carried out a major reorganization of the social ministries, adopting new work methodologies, such as the Integrated Health Care System, or new ministerial structures, as in the case of housing. Although the social sectors met the budget targets set out in the Agreements, spending and coverage levels in 1997 were low. Despite the progress mentioned, health area officials have not embraced the system's philosophy fully, with the result that this policy has yet to yield results, as shown by the low rates of vaccination coverage which are jeopardizing the improvements made in previous years.

46. With regard to the purchase of medicines, the Ministry of Health drew up a list of 102 basic generic medicines which were to be purchased through open contracts, at fixed prices, thereby eliminating a traditional source of corruption. These medicines are purchased by health areas through the system of transfers. In addition, in places in which the private sector has no access or interest, a network of community or municipal pharmacies or pharmacies run by non-governmental organizations will be set up to make medicines available to the population at fair prices.

47. In 1997, the budget approved for the education sector and the support provided, in accordance with the Constitution, to Guatemala's University of San Carlos and the National Literacy Commission met the financial targets of the Agreements. Moreover, the Advisory Commission on Educational Reform was formally established and, now that differences as to the proportional representation of the indigenous sector have been overcome, includes five members of the indigenous delegation of the Joint Commission on Educational Reform.

48. Although there are some examples of out-of-school training in communities and enterprises in rural areas, the

number of these programmes is very limited, as is the population benefiting from them. This effort should be stepped up during the third phase of the timetable. The design of the civic education programme was finalized and human rights education manuals and values education materials were prepared. Only 1,000 copies of the human rights manuals have been printed, however, which amount to very limited coverage for beginning the 1998 school year. By September 1997, the programme of support for education had provided over 41,000 scholarships and 8,500 study grants, benefiting a corresponding number of needy students, which is in line with the Ministry's targets. The programme for the training of teachers and administrators is continuing, but as yet there are no firm data on the number of people trained in 1997.

49. As for the housing sector, the 1998 budget envisages the allocation of 1.5 per cent of tax revenues (as stipulated in the Peace Agreements), or 157 million quetzales (US$ 25,907,590) to this sector. With these domestic resources, plus a loan from the Inter-American Development Bank (IDB), the Ministry of Communications believes that it will be possible to provide housing for 100,000 families in two years through the Guatemalan Housing Fund (FOGUAVI), which will be the body responsible for subsidizing 75 per cent of the total cost up to a maximum of 12,000 quetzales per home. In order to promote the participation of beneficiaries, it was decided that the board of FOGUAVI should include a representative of the Federation of Housing Cooperatives. Other housing projects by the Ministry of Communications in marginal urban areas also envisage such participation. The possibility of broadening the participation of beneficiaries in the FOGUAVI board is under consideration in the Follow-up Commission.

50. In late November 1997, the Minister of Labour and Social Welfare sent the Office of the Chairman of the Congressional Labour Committee a preliminary draft of amendments to the Labour Code which had been agreed upon with the employer and worker sectors represented in the tripartite forum for labour relations. The draft does not include the commitment to carry out reforms for the recognition of associations formed by agricultural workers hired through contractors. It is suggested that this component of the commitment regarding worker organization be discussed and rescheduled. In addition, although the procedures for the authorization of trade unions have been streamlined, the situation with regard to worker organization remains precarious, as the signs of anti-union practices at the time of the first collective actions indicate. This could be one of the reasons for the drop in the number of applications for recognition of trade union organizations.

51. The decentralization of labour inspection services has begun and will be completed by early 1998. It is not yet possible to make a final judgement as to whether the capacity to verify compliance with labour standards has been strengthened. The Mission reiterates the view put forward in its report on the first phase of the timetable that, in order to fulfil the commitment to severely penalize violations of labour law, legal action is needed to strengthen the Ministry's enforcement capacity through the labour inspection services.

F. Agreement on the Strengthening of Civilian Power and on the role of the Armed Forces in a Democratic Society

52. This Agreement (A/51/410-S/1996/853, annex) refers to an integral and modern concept of security, in which State security and the physical, legal, social and economic security of citizens are inseparable in a democratic State. This is not confined to the juridical, penal and police spheres of State activity, but extends to the political, economic, social and cultural rights and duties, the proper functioning of the system for the administration of justice and respect for human rights, which together form a whole which is essential in a State genuinely governed by the rule of law.

53. During the second phase of the timetable, there was progress in the implementation of the commitments relating to the judiciary, public security and troop reduction and demobilization. The commitments relating to the Advisory Council in Security, State intelligence bodies, a new Arms and Munitions Act and a Civic Service Act, as well as the new territorial deployment of the armed forces, have yet to be implemented.

Administration of justice

54. In addition to efforts to implement the commitments relating to the administration of justice, there is a growing determination on the part of institutions and political parties to move towards institutional change and to improve coordination among bodies in this sector. The serious difficulties facing anti-crime efforts and the phenomenon of lynchings have strengthened the public's belief that such change is indispensable and urgently necessary. The broad debate on the administration of justice, institutional responsibilities and the main changes needed to transform it was helped by the convergence of the work of the Commission on the Strengthening of the Justice System and the work of the Commission on the Modernization of the Judiciary. The Supreme Court of Justice was associated with

the process through its recommendations for constitutional reform and the approval of the plan for the modernization of the judiciary, which identifies the problems of the system and proposes its far-reaching reform within five years. In September 1997, a letter of intent was signed between the Supreme Court of Justice, the Public Prosecutor's Office and the Ministry of the Interior, which constitutes a basic agreement for coordination of the reform and modernization processes under way in each of these institutions and establishes a coordinating body for the modernization of the justice sector. This body will be able to develop its potential for coordinating initiatives for change to the extent that it succeeds in establishing specific mechanisms which, at a level below the senior hierarchy of those institutions, can develop joint plans and action. In recent months, such action has taken place in the sphere of information and training. It is hoped that it will be extended to urgent issues such as efforts to combat kidnapping or drug trafficking, where much closer coordination among judges, prosecutors and police is needed to increase their effectiveness.

55. With regard to the constitutional reform of the justice sector, in addition to the draft submitted by the executive branch, Congress also received other proposals. These include one from the Supreme Court of Justice and one from the Commission on the Strengthening of the Justice System, which not only coincide to a large extent but also essentially incorporate the text contained in the Agreement. With regard to legal reforms, the process of drafting a law on a career judiciary is well advanced. A commission, in which two judges from the Supreme Court of Justice are participating, prepared a preliminary draft which has been favourably received by the Commission on the Strengthening of the Justice System and which the plenary of the Court is reviewing with a view to its submission once the constitutional reforms are approved.

56. The Commission on the Strengthening of the Justice System has developed a broad thematic agenda which includes the aspects envisaged, as a minimum, in the text of the Agreement. Its activities include public hearings, both in the capital city and in various cities of the interior, to gather proposals from representatives of the public sector and civil society. In August 1997, the Commission submitted to Congress and to SEPAZ its proposal for constitutional reforms in the justice area and its opinion on the Act on the Public Defender's Office in Criminal Matters and on the amendments to the Code of Penal Procedure. In addition, after reporting to the Follow-up Commission, it requested a six-month extension of its mandate, which was granted by Governmental Agreement No. 651-97 of 5 September 1997. The Commission is working on its opinions on a career judiciary; the use of oral proceedings in all trials; the separation of administrative and jurisdictional functions in the system of justice; the distribution of financial resources; the content of a law on a judicial civil service; and corruption and intimidation in the system of justice.

57. With regard to commitments scheduled for the second phase of the timetable, the Act establishing the Public Defender's Office in Criminal Matters was adopted on 5 December 1997. Although it differs from the draft approved by the follow-up commission, it is generally in line with the requirements of the Agreement and the guidelines laid down by the Commission on the Strengthening of the Justice System.

58. With regard to the Judicial Training School, the plan for the modernization of the judiciary includes, in particular, the issue of institutionalized judicial training. In this context, since October 1997 the Judicial Training School has had a new director, whom the Supreme Court has entrusted with evaluating the operation of the School and its staff in order to prepare a work plan that will apply from January 1998. The Supreme Court has appointed a liaison committee of five judges to monitor the progress of efforts to strengthen the School.

59. With regard to the strengthening of the Training Unit of the Public Prosecutor's Office, the new course of instruction for which the University of San Carlos will award a postgraduate diploma began in September 1997. However, the lack of coordination and uniform criteria between the Training Unit and the bodies responsible for supervision is undermining the objective of enhancing the professional qualifications of prosecutors.

Public security

60. Fulfilment of the commitments regarding public security is facing special difficulties. The very low professional, educational and organizational level of the former National Police, its loss of public prestige and the high incidence of corruption in its ranks make it clear that the public security forces must be overhauled and corrupt and unprofessional elements removed. However, the immediate demands of the fight against crime, the concern not to create vacuums of authority, and other risks which the disbanding of the National Police would entail have prompted the Government to opt for a strategy which combines very rapid retraining of members of the existing force with the training of new police. In this situation, it is a particularly difficult challenge to meet short-term needs while laying the foundations for a highly professional National Civil Police (PNC) which enjoys public respect.

61. The lack of public safety and the current limitations of the National Civil Police have prompted a number of sectors to call for the armed forces to be involved in internal security matters. The decision to order the armed forces to take part in operations to combat organized crime involved, *inter alia*, the deployment of military squads to facilities in military zones which had been taken out of operation as a result of the Peace Agreements. Although current legislation permits such involvement, it must be strictly regulated according to the spirit of strengthening civilian power embodied in the Agreements. This is necessary, among other things, to dispel any fears that military involvement might result in a return to the days when the armed forces played a predominant role in civilian life. The bill on this subject, presented to Congress on 20 November 1997, did not reflect this spirit. The law regulating the use of the armed forces for public security tasks will have to establish, *inter alia*: (a) that this is a transitional measure, pending full PNC deployment; (b) that the Ministry of the Interior plays the leading role in determining how military troops are to be used; and (c) that functions such troops may perform in support of functions exclusive to the police. It is also important to bear in mind the adverse effect which army involvement might have on the national reconciliation process in the areas of the country which were most affected by the armed conflict.

62. Verification of the reorganization of the police force covers constitutional, legal and regulatory aspects and the selection, training and deployment of PNC members. In the constitutional sphere, it is encouraging that the draft constitutional amendments contained in the Peace Agreements concerning PNC and the role of the armed forces were favourably received by the multi-party commission. With regard to the PNC legislative framework, the Follow-up Commission recommended a number of amendments to the Police Act to bring it into line with the Agreement; these amendments are awaiting consideration by Congress. The PNC legislative framework also continued to be supplemented through the adoption of several regulations, which will be evaluated by the Follow-up Commission.

63. With regard to the selection and training of the new police force, the Mission welcomes the authorities' readiness to provide the Police Academy with the necessary infrastructure and to begin the training of instructors and other teaching staff. However, serious shortcomings were observed in the procedures both for selecting National Police members for retraining courses and for selecting candidates for the first basic course at the Academy. In the latter instance, there were cases of corruption involving the purchase of places on the course and other irregularities which enabled candidates to be admitted who did not meet the necessary requirements. The authorities took a number of disciplinary and administrative measures to remedy these shortcomings. All in all, the incidents that have occurred thus far have highlighted the need to give PNC a genuine capacity to conduct prompt investigations and impose administrative penalties. In this context, the Mission submitted to the Government its evaluation of the retraining courses, in which it reiterated the need to improve selection procedures and the retraining courses themselves. Moreover, since the courses taught by the Police Academy last only a short time, the process of professionalization and training of PNC members should continue after their deployment.

64. The period under review saw the beginning of the first partial deployment of PNC in the capital city, and in the department of Petén. This deployment sent out positive signals for public safety and for improved relations between society and the police. The fulfilment of the commitment to provide decent, adequate wages to members of the police is also contributing to the improvements noted in PNC activity. PNC lacks infrastructure and equipment: physical facilities, weapons and adequate communication systems. A project to remedy these shortcomings, funded by the European Union in an amount of some US$ 34 million, will begin in early March 1998.

65. The Government announced that in early 1998 it will begin deployment of graduates from the first basic course for newly recruited PNC personnel, which lasted six months. This is an important step forward in the training of police personnel. Some 40 police belonging to the Ixil ethnic group will be deployed in the department of El Quiché. This positive experience, which should be replicated in other regions, is helping to reflect the multicultural, multi-ethnic and multilingual character of Guatemala in the new police force.

66. The reorganization of the police has taken on particular importance because of the lack of public safety. Public support for the peace process will depend largely on the success of the police force in fighting crime. This means that the national commitment to this undertaking must be maintained and also that international cooperation should continue to give its full support to this endeavour, and to all efforts to reform the justice sector and strengthen coordination among all the institutions involved in public security.

67. As for establishing and installing an Advisory Council on Security to help the Government implement an integral concept of security, the Follow-up Commission has agreed

to the Government's request that this be done during the first three months of 1998.

Information and intelligence

68. One basic component of the strengthening of civilian power is the restructuring of the State's intelligence capacities, which up to now have been concentrated in the armed forces, and their oversight by Congress. The package of measures relating to this issue include the establishment of a Strategic Analysis Secretariat attached to the Office of the President of the Republic and of a Civil Intelligence Department in the Ministry of the Interior, and the ratification of laws providing for parliamentary oversight of intelligence bodies, regulating the classification and declassification of information relating to national security and characterizing the crime of maintaining illegal files and records. The Follow-up Commission has agreed to the Government's request that this package of measures be submitted during the first three months of 1998.

Armed forces

69. The commitments relating to the armed forces that were scheduled for 1997 included: the proposal before Congress for amending the constitutional articles on the role of the armed forces; a 33 per cent troop reduction; disbanding of the Voluntary Civil Defence Committees (CVDCs) and the Mobile Military Police; the redeployment of military units on the basis of external security needs; a reduction in the military budget; and the conversion of military facilities and units to civilian use. The constitutional amendments conferring on the armed forces the function of defending Guatemala's sovereignty and territorial integrity were sponsored by the executive branch and are being studied by Congress and the multi-party commission.

70. The armed forces, in coordination with SEPAZ, have made a variety of documentation and manning and equipment tables, available to the Mission, as a basis for verifying compliance with the commitments relating to the reduction, reorganization and redeployment of the armed forces. On 17 December 1997, the Ministry of Defence announced that it had exceeded the target of reducing the armed forces by 33 per cent, in that the number of troops on active duty had fallen from 46,900 in 1996 to 31,270. The Mission will verify this reduction in early 1998.

71. The disbanding of the Mobile Military Police, scheduled for 1997, was carried out in two phases. The first phase was completed through the demobilization of the regular branch, ordered on 14 March 1997. Of the 699 members demobilized, only a few did not take advantage of programmes for placing them in other jobs, while 315 entered the Police Academy, 136 entered the Directorate-General of Prisons, 100 were hired by private security firms and 33 took FONAPAZ training courses. The second phase of the process, involving the demobilization of the 1,722 members of the special branch, was carried out gradually, with the demobilization of 147 members in October and 205 in November and the organization of retraining courses, which are being attended by 270 demobilized members. The process ended on 15 December 1997 with the demobilization of 1,370 members, for whom training courses are scheduled to begin in January 1998.

72. With regard to CVDCs, while the Mission received complaints that CVDC members had allegedly regrouped, it does not have sufficient evidence to state that these organizations are re-emerging in a different form, or that they have any organic relationship with the armed forces. Verification has confirmed the existence of weapons handed over and kept in military zones and in the combat supplies department, and their consistency with the records provided.

73. In relation to the deployment of the armed forces within the national territory, the Government had undertaken to redeploy military units during 1997, stationing them for purposes of national defence, border control and protection of Guatemala's maritime and territorial jurisdiction and airspace. So far, four military zones (Jalapa, Sololá, Chiquimula and Salamá) have been closed. The Mission believes that the maintenance of 15 military zones perpetuates the clearly territorial pattern of deployment adopted by the Guatemalan armed forces in the 1980s in the context of counter-insurgency activities and contrasts with their deployment in 1961, when the armed conflict first began. Realizing that redeployment on the basis of national defence needs must be carried out gradually and progressively, the Mission recommends that the Follow-up Commission reschedule this commitment.

74. In the area of reconversion of military institutions, facilities and units, Governmental Agreement No. 570-97 ordered the dismantling of the Armed Forces Commissariat, beginning on 15 July 1997, while Governmental Agreement No. 861-97 convoked the Military Geographical Institute into the National Geographical Institute. The Mission will continue to verify the situation of other units. The armed forces maintain that there are no military, financial or insurance institutions and that the educational assistance and health institutions of the armed forces conform to the requirements of the Agreement. The Government has taken no action with regard to the television frequency assigned to the Guatemalan armed forces and it is therefore suggested that the Follow-up Commission reschedule this commitment

to 1998. The budget estimates for 1998 meet the minimum reduction targets agreed on, provided that expenditures do not exceed estimates and that GDP grows as predicted.

75. With regard to the drafting of a new Civic Service Act by a joint working group composed of representatives of the Government and civil society, the group met periodically to discuss the content of the Act and its adjustment to the terms of the Agreement, arriving at a consensus text that was embodied in a bill transmitted to the Follow-up Commission. The Commission plans to give its opinion in January 1998. The Government also transmitted to the Follow-up Commission the draft of a new Arms and Munitions Act, which the Commission will examine in early 1998.

Legislative branch

76. With regard to the commitments relating to the performance of the legislative branch, the Technical and Legislative Support Committee of the Congress of the Republic, set up as a multi-party forum for enhancing, modernizing and strengthening the legislative branch, has, with the assistance of experts from various countries and non-governmental organizations, drafted a comprehensive amendment to the Act on the Rules of Procedure of the Congress, which it will submit to the legislature for discussion and approval. The Committee has monitored all preliminary drafts, drafts and activities aimed at the implementation of the Peace Agreements and has prepared a proposal for systematizing and permitting general access to such information. It also organized and managed the activities and participation of national and international institutions in the framework of the master plan for the modernization of the legislative branch.

G. Agreement on Constitutional Reforms and the Electoral Regime

77. With regard to this Agreement (A/51/776-S/1997/51, annex I), the draft constitutional amendments put forward by the executive branch are being analysed in the Congressional Committee on Legislative Issues and Constitutional Reform, which has discussed the reforms widely with various organizations and sectors of society. Institutions such as the Commission on the Strengthening of the Justice System, the Supreme Court of Justice, the Public Prosecutor's Office, the Bar Association, universities, political parties, indigenous organizations and various non-governmental organizations have made proposals to the Commission, and forums and meetings have been held in which Guatemalan society has been able to participate. The Commission is also drafting a report to assist the discussion of this issue in the plenary of the Congress of the Republic. An ad hoc multi-party commission has been set up, comprising all political sectors represented in Parliament, to discuss the various proposals that exist and work towards a consensus proposal that can be put before the legislature. The Mission acknowledges the work done by the multi-party commission to reach a consensus on the issue of the recognition of the multi-ethnic, multicultural and multilingual character of the Guatemalan nation and on the new role of the armed forces.

78. With regard to the reform of the electoral system, agreement TSE 199-97 of 30 September 1997 of the Supreme Electoral Tribunal extended to 31 December the deadline for completion of the work of the Electoral Reform Commission, which is expected to submit its report in late January 1998. The Commission has analysed all the items on the minimum agenda set forth in the Agreements and has extended its task to drafting a comprehensive electoral bill that it will propose in place of the existing Electoral Act. The Commission is also receiving assistance and advice from the Organization of American States (OAS) and the International Institute for Democracy and Electoral Assistance (IDEA International). Some of the most innovative proposals that it is studying are those related to the oversight of political parties and their funding, ways of bringing polling stations closer to the population, the introduction of a single identity document and changes in the electoral period to make it easier for migrant workers to vote.

H. Agreement on the Basis for the Legal Integration of the Unidad Revolucionaria Nacional Guatemalteca

79. In the integration phase, scheduled to last until 3 May 1998 (see A/51/776-S/1997/51, annex II), the Special Integration Commission (SIC) approved programmes of training, incorporation into the labour force and into production, and health. Funding was also approved for various subprogrammes in the areas of education, vocational training, return of URNG members living abroad, health emergencies and visits to family members, a gender perspective and ways of publicizing the Agreement.

80. In addition, the Commission approved and funded the stay in four temporary hostels of some 450 demobilized combatants who had nowhere to go. Education and vocational training activities, coordinated by URNG outreach workers with assistance from OAS and the

International Organization for Migration (IOM), continued in these hostels, and certification courses were held for health workers. Packages of inputs for production activities were also distributed to 50 per cent of all the demobilized combatants scattered among various communities in the country.

81. Some 87 per cent of demobilized combatants have obtained their primary documentation. The Mission continued to issue temporary documentation to members of the political and external structures of the URNG. Members outside the country are returning to Guatemala in stages, assisted by UNHCR, the National Commission for Refugees, Returnees and Displaced Persons (CEAR) and IOM. When the programme ended on 31 December 1997, 75 per cent of those originally expected to return had done so.

82. Elements fundamental to integration, such as land, housing and production projects, have recently begun to materialize for the hostel population, who have been given priority. Intervention by the Government, more precise formulation of production projects and coordination and support by the international community will enable the hostels to be closed early in 1998. The situation for most of the remaining demobilized population is still unclear. Other subprogrammes, such as legal aid and family reunification, have yet to be implemented, and the absence thus far of a special training programme for disabled former combatants is cause for concern.

83. Although SIC has shown political will and made efforts to ensure that the integration process runs smoothly, it has had problems designing and implementing subprogrammes. Both because the phase of assembly in camps was very short and because the demobilized population is scattered throughout the country and part of this population has moved, it has been difficult to obtain accurate data for designing the programme and implementing some of the subprogrammes, such as education and training, currently under way. Moreover, in its early stages, the Guillermo Toriello Foundation experienced logistical difficulties in contacting and providing information to demobilized URNG members and in detecting and dealing rapidly with emergencies, a situation which caused discontent. Delays in the implementation of the integration programme have caused difficult situations and discouragement among demobilized URNG members, some of whom have temporarily abandoned their communities of return to look for work in other parts of the country. This situation and the continuing uncertainty about the future financing of the integration programme are cause for concern. Despite the particular logistical difficulties which are hampering efforts to assist the demobilized combatants scattered throughout the country, efforts – both national and international – to enhance the reintegration of former combatants, and thereby consolidate a critical component of the peace process, will have to be redoubled in 1998.

84. MINUGUA is paying close attention to the issue of the security of URNG members and verifies every single complaint involving attacks on demobilized members or their families. So far, such verification has not established the existence of a pattern of politically-motivated attacks on this group of people.

85. On 18 June 1997, URNG began the procedures for transforming itself into a political party. On 30 August 1997, the party's sponsors adopted the agreement creating the organs of the new political force, which will be called "URNG". The process of registering the number of members required by the Electoral Act is currently under way.

III. Observations

86. In the year since the signing of the Peace Agreements, the positive trends observed in the country in recent years have been consolidated. In particular, there has been an increase in pluralism and political freedom, accompanied by a growing culture of debate and discussion which extends to many spheres of public life. The broad-based commissions established under the Peace Agreements, the multisectoral boards of many new institutions and other opportunities for dialogue such as the multi-party forum, the open forums and the tripartite discussions on the settlement of land disputes are playing an important role in these developments. The fact that the integration of former URNG combatants and the transformation of URNG into a legal party are taking place without violence or reprisals is a further sign of this positive change in a country that has a history of violence, polarization and political repression. At the same, the role of the armed forces in national life, which was predominant during the decades of the armed conflict, has decreased. The one exception to this trend is in the area of public security, where the police's limitations in dealing with the high levels of crime has prompted some sectors of the population to call for the maintenance of a military presence. This shows the importance of continuing to make every effort to strengthen PNC.

87. Turning to the implementation of the Peace Agreements, awareness of the multicultural dimension of Guatemalan society has increased markedly both within and outside the Government, and the participation of the

indigenous population in national life has grown. As the report indicates, the peace process has played a catalytic role in this regard, and this aspect of the democratization process is gathering momentum. Moreover, in response to urgent public demands in 1997, there was a growing commitment to the complete overhaul or the administration of justice and public security on the part of the institutions which make up the sector, including the judiciary and the Public Prosecutor's Office. Lastly, a process of restructuring and specific measures consistent with the need to redirect State action towards social investment and rural development has been carried out in the executive branch. In particular, new institutions are being created to deal with land issues (Land Trust Fund, Rural Development Bank, Presidential Office for Legal Assistance and Dispute Settlement in Land Matters, land registry, etc.), responding to one of the most ambitious goals of the Agreements.

88. Despite the efforts made in 1997, important commitments will have to be rescheduled to the third phase of the timetable. These are: the compensation programme for victims of human rights violations; the reform and strengthening of the system of development councils, which is an essential component of the reform of the State with a view to increasing public participation; the creation of an agrarian and environmental jurisdiction; the reform of intelligence bodies; the establishment of a career civil service; and, lastly, the redeployment of the armed forces to meet the needs of national defence.

89. Within the peace agenda, the issue of taxation is particularly crucial for the third phase of the timetable. The timetable for 1997 emphasized administrative aspects, with the creation of a Tax Administration Superintendency, and legal aspects. What impact the package of measures adopted will have on the level of tax collection by the year 2000 cannot as yet be gauged. However, the unanimous view is that those measures will not make it possible to meet the target set in the Agreements, and there are serious doubts as to whether it will be possible steadily to increase State resources in the coming years. This has particular relevance for the taxation commitments under the third phase: designing a methodology for evaluating whether the tax system is universally progressive, and taking the necessary action to achieve the tax goals of the Peace Agreements by the year 2000. The implementation of those commitments is crucial to the viability of the Peace Agreements as a whole and responds to a basic historical necessity, that of mobilizing domestic resources to finance social development and the strengthening of the institutions of a State governed by the rule of law.

90. Despite the progress made in the past year, popular support for the peace process is still being undermined by the lack of public safety and by the persistence of serious economic and social difficulties. There are no immediate solutions to either of these problems, but efforts to meet the public's expectations must be redoubled, paying particular attention to the implementation of commitments in areas where the social debt is most pressing, promoting a better understanding of the prospects offered by the Agreements and more information about the implementation process, and increasing the opportunities for participation at various levels, so that members of the public will identify more closely with the content of the Agreements.

91. At the beginning of this report, it was said that the implementation of the Agreements is the outcome of an interaction between Government measures and the response of State bodies and of the main protagonists in civil society. At the highest level, the Government and URNG have shown their determination to fulfil their commitments. The response of certain State bodies, such as institutions in the justice sector, has been very positive. Within society, indigenous organizations, cooperative organizations, women's organizations and much of academia, among others, have shown that they are strongly committed to the changes embodied in the Agreements. Consolidating the peace process in 1998 will mean building on the changes already made and intensifying action by the public administration in support of the peace agenda. It will also mean drawing more fully on the State and social actors involved in the peace process. The international community has pledged its backing to this joint effort. The United Nations and MINUGUA will continue to do everything possible, within their mandate, to ensure its success.